



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 17-0388, Version: 1

Dept/ Agency: Economic and Housing Development

Action: () Ratifying (X) Authorizing () Amending

Type of Service: Grant Agreement

Purpose: To provide a \$500,000.00 guaranty to WORKING IN NEWARK'S NEIGHBORHOODS (WINN), a subsidiary of the New Jersey Redevelopment Authority to secure, in part, Jarid Jamar Construction Company, Inc.'s loan obligations with WINN. The proceeds of the loan will be used to provide financial assistance for the West Ward Model Neighborhood area to be known as the West Ward New Homes Initiative Project.

Entity Name: Jarid Jamar Construction Company, Inc.

Entity Address: 9 Weber Road, West Orange, New Jersey 07052

Grant Amount: \$500,000.00

Funding Source: Entity providing funds

Total Project Cost: \$1,195,000.00

City Contribution: \$500,000.00

Other Funding Source/Amount: New Jersey Redevelopment Authority (NJRA)/ WINN Program/ \$600,000.00

Contract Period: May 1, 2017 through October 31, 2019

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS

() Fair & Open () No Reportable Contributions () RFP () RFQ

() Private Sale (X) Grant () Sub-recipient () n/a

List of Property: (if applicable)

(Address/Block/Lot/Ward)

425 South 18th Street, Newark, New Jersey 07103/Block 322/Lot 17/West Ward

479 South 17th Street, Rear, Newark, New Jersey 07103/Block 326/Lot 15/West Ward

479 South 17th Street, Newark, New Jersey 07103 /Block 326/Lot 51/West Ward

467-469 South 15th Street, Newark, New Jersey 07103 /Block 328/Lot 19/West Ward

455-457 South 14th Street, Newark, New Jersey 07103/Block 329/Lots 46 and 47/West Ward

456 South 14th Street, Newark, New Jersey 07103/Block 330/Lot 43/West Ward

454 South 14th Street, Newark, New Jersey 07103/Block 330/Lot 44/West Ward

Additional Information:

NJRA Corporate Guarantee Agreement provides a guaranty for the Developer.

WHEREAS, pursuant to the terms and conditions of that certain Agreement for the Sale of Land and Redevelopment, dated as of September 24, 2015, by and between City and Redeveloper, Jarid Jamar Construction Company Inc., a New Jersey corporation, 9 Weber Road, West Orange, New Jersey 07052 (the "Entity"), desires to acquire and develop the real property located at 425 South 18th Street (Block 322, Lot 17), 479 South 17th Street Rear (Block 326, Lot 15), 479 South 17th Street (Block 326, Lot 51), 467-469 South 15th Street (Block 328, Lot 19), 455-457 South 14th Street (Block 329, Lots 46 and 47), 456 South 14th Street (Block 330, Lot 43) and 454 South 14th Street (Block 330, Lot 44) in the City of Newark, New Jersey (the "Property"), and construct four (4) two family houses and two (2) three family houses for a total of six (6) homes to be constructed in the West Ward Model Neighborhood area to be known as the "West Ward New Homes Initiative

Project" (the "Project"); and

WHEREAS, the Project is located within an area in need of redevelopment as defined under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), and is governed by the West Ward Redevelopment Plan, as amended (the "Redevelopment Plan"); and

WHEREAS, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of the LRHL authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

WHEREAS, the Project qualifies for financial assistance since it is located within a redevelopment area and is being performed in order to implement an approved Redevelopment Plan; and

WHEREAS, on June 23, 2016, the Newark Municipal Council duly adopted Resolution No. 7R3-c(S) (the "Resolution") and recognized the need to complete the above Project and agreed to finance the making of a capital grant in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to the Entity (the "Grant") to be used as a subsidy to develop the Project; and

WHEREAS, in connection with the Resolution, the City was authorized to execute into a grant agreement with the Entity to provide them with capital grant funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00), with funds for this grant to be provided from the City's Community and Economic Development Dedicated Trust Fund established by Resolution 7Rg , adopted by the City Municipal Council on November 6, 1985 for the purpose of financing the development costs associated with redevelopment projects, urban revitalization projects, economic stabilization and stimulation projects and such other projects within the City which are consistent with the activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, as amended ("Title I"); and

WHEREAS, subsequent to adoption of the Resolution, and as a condition to obtaining additional required financing to acquire the Property and complete the Project, the Entity's other lender, Working in Newark's Neighborhoods ("WINN"), a subsidiary of the New Jersey Redevelopment Authority (the "RDA"), a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "State"), is requiring the City to guaranty certain of the obligations of the Entity in connection with a Loan Agreement to be entered into between WINN and the Entity (the "Loan Agreement") pursuant to which WINN has agreed to lend to the Entity the aggregate sum of \$600,000.00 (the "Loan"); and

WHEREAS, in connection therewith, the City acknowledges that but for the provision of this guaranty and the other financial assistance provided to the Entity, that the Project would not be undertaken and desires to enter into that certain Guarantee Agreement in favor of WINN in the form attached is hereto which guaranty shall be limited to \$500,000.00 (the "Guarantee Agreement"); and

WHEREAS, the City's guarantee and authorization of the Guarantee Agreement is necessary

to effectuate and facilitate the Redevelopment Plan within the meaning of the LRHL and is consistent with the purposes set forth in the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, are each hereby authorized to enter into and execute a guarantee agreement with WINN on behalf of the City, in the form attached hereto (the "Guarantee Agreement"), which guarantee shall be limited to Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) and which is necessary to effectuate and facilitate the Redevelopment Plan, the Project, the redevelopment of the City and implementing related activities.
2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Guarantee Agreement as permitted by New Jersey Law.
3. A copy of the fully executed Guarantee Agreement must be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of the Department of Economic and Housing Development.

STATEMENT

The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, are hereby authorized to execute a NJRA Corporate Guarantee Agreement on behalf of the City to provide a \$500,000.00 guaranty to WORKING IN NEWARK'S NEIGHBORHOODS (WINN), a subsidiary of the New Jersey Redevelopment Authority, to secure, in part, Jarid Jamar Construction Company, Inc.'s loan obligations with WINN. The proceeds of the loan will be used to provide financial assistance for the West Ward New Homes Initiative Project